

Internal Revenue Service

District
Director

Department of the Treasury

230 South Dearborn Street
Chicago, Illinois 60604

Employer Identification Number:
[REDACTED]

Person to Contact:
[REDACTED]

Telephone Number:
[REDACTED]

Refer Reply to:

Internal Revenue Service
P.O. Box A-3290 DPN 22-3
Attn: Chief, EP/EO Review Staff
Chicago, IL 60690

Date: FEB 22 1995

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under Section 501(c)(5) of the Internal Revenue Code.

The information submitted discloses that you are an unincorporated association formed on [REDACTED] in the State of [REDACTED].

Your Articles of Association state that your purposes are:

To produce healthy food using Biodynamic closed cycle methods of husbandry. To provide fresh food security to member consumers through the growing season by weekly deliveries. To educate members about the production, qualities, and use of fresh foods in maintaining personal health. To conserve energy by using appropriate technology and serving communities near the farm. To nurture the physical, mental and spiritual health of members by encouraging their participation in activities with the plant and animal community of the farm. To secure for the growers a guaranteed annual operating budget and salaries, with the emotional support of direct feedback and appreciation from member consumers, and to heal and maintain the land, plant and animal communities in a farm ecosystem by providing more people to care for them over a period of time beyond the limits of a nuclear family, and the constraints of the profit motive.

Your activities include the growing of organic vegetables for consumers who become members of the farm by sharing in the cost of the operation of the organization. The members are provided with fresh vegetables on a weekly basis. Each member owns a share in the operation and all expenses and salaries are paid from the members' dues. Most of the work on the farm is done by the gardener with help from the coordinator who is also the owner of the farm. Other duties are shared by members who volunteer their help. The owner donates the use of the buildings, tools and equipment. The land is provided to the organization at the cost of the real estate taxes on the acres used.

0-7201-CA
2-8-95

EP/EO:RS: JPL: 2/22/95

Section 501(c)(5) of the Code provides for the exemption from Federal income tax of agriculture organizations.

The Income Tax Regulations, Section 1.501(c)(5), describe agricultural organizations contemplated by Section 501(c)(5) of the Code as those organizations which have no net earnings inuring to the benefit of any member and have as their objects the betterment of the conditions of those engaged in such pursuits, the improvement of the grade of their products and the development of a higher degree of efficiency in their respective occupations.

In Revenue Ruling 72-391, 1972-2 C.B. 249, an organization composed of farmers, was formed to provide its members with necessary farm labor. The organization received requests from member farmers for workers, assigns the laborers to the farmers, receives payment from the farmers, and pays the laborers or their representatives. This organization was held not exempt because the furnishing of farm laborers for individual farmers does not better the conditions of those engaged in agricultural pursuits, improve the grade of their products, or develop a higher degree of efficiency in their operations with in the meaning of the regulations.

Revenue Ruling 74-195, 1974-1 C.B. 135 provides that an organization formed to manage, graze, and sell its members' cattle is providing a direct business service to its members and does not qualify for exemption as an agricultural organization.

In order for an organization to be exempt under Section 501(c)(5) of the Code, the members must be engaged in an agricultural pursuit. You are formed and operated to provide a direct business service for the economic benefit of your members.

Since the evidence submitted fails to show that you have as your objective the betterment of the conditions of those engaged in agricultural pursuits, the improvement of the grade of their products and the development of a higher degree of efficiency in their respective occupations, it is our determination that you are not entitled to exemption as an agricultural organization under Section 501(c)(5) of the Code of 1986.

You are required to file Federal Income Tax Returns.

If you do not agree with these conclusions, you may within 30 days from the date of this letter, file a brief of the facts, law and arguments (in duplicate) which clearly sets forth your position. In the event you desire an oral discussion of the issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after we have had an opportunity to consider the brief and it appears that the conclusions reached are still unfavorable to you. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met. We have enclosed Publication 892, Exempt Organization Appeal Procedures for Adverse Determinations, which explains in detail your rights and procedures.

Please keep this determination letter in your permanent records.

[REDACTED]

If you agree with this determination, please sign and return the enclosed Form 6018.

If we do not hear from you within 30 days from the date of this letter, this determination will become final.

[REDACTED] Sincerely yours,
[REDACTED]

f District Director

Enclosures:

Publication 892

Form 6018